

DGT HOLDINGS CORP.

FORM 10-Q (Quarterly Report)

Filed 06/19/00 for the Period Ending 04/29/00

Address	100 PINE AIRE DRIVE BAY SHORE, NY 11706
Telephone	631 231-6400
CIK	0000027748
Symbol	DGTC
SIC Code	3679 - Electronic Components, Not Elsewhere Classified
Industry	Medical Equipment & Supplies
Sector	Healthcare
Fiscal Year	07/31

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended April 29, 2000
Commission File Number 0-3319

DEL GLOBAL TECHNOLOGIES CORP.

(Exact name of registrant as specified in its charter)

New York 13-1784308

(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

One Commerce Park, Valhalla, NY 10595

(Address of principal executive offices)
(Zip Code)

(914) 686-3600

(Registrant's telephone number including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the business on June 15, 2000.

Common Stock - 7,861,379

PART I

Item 1. Financial Statements

Consolidated Balance Sheets - April 29, 2000 and July 31, 1999

Consolidated Statements of Income for the Three Months and Nine Months Ended April 29, 2000 and May 1, 1999

Consolidated Statements of Cash Flows for the Nine Months Ended April 29, 2000 and May 1, 1999

Notes to Consolidated Financial Statements

**DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

(Unaudited)

ASSETS

	April 29, 2000	July 31, 1999
	-----	-----
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,167,532	\$ 320,742
Investments available-for-sale	1,302,641	1,292,852
Trade receivables - net	23,722,438	15,624,433
Cost and estimated earnings on in excess of billings on uncompleted contracts	9,674,098	6,402,532
Inventory	42,747,539	36,599,587
Prepaid expenses and other current assets	2,574,811	1,216,145
	-----	-----
Total current assets	81,189,059	61,456,291
	-----	-----
FIXED ASSETS - Net	15,684,603	14,668,060
INTANGIBLES - Net	742,775	879,898
GOODWILL - Net	7,562,886	5,236,965
OTHER ASSETS	2,030,006	1,862,743
	-----	-----
TOTAL	\$107,209,329	\$ 84,103,957
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Notes payable - banks	\$ 3,313,444	\$ --
Current portion of long-term debt	1,571,153	516,654
Accounts payable - trade	11,174,802	6,295,586
Accrued liabilities	5,744,752	4,468,521
Deferred compensation liability	1,916,331	1,201,065
Income taxes	1,375,180	1,224,451
	-----	-----
Total current liabilities	25,095,662	13,706,277
	-----	-----
LONG-TERM LIABILITIES		
Long-term debt (less current portion)	6,136,615	1,832,287
Other	2,181,040	594,272
Deferred income taxes	2,057,186	1,620,417
	-----	-----
Total liabilities	35,470,503	17,753,253
	-----	-----
MINORITY INTEREST IN SUBSIDIARY	28,350	--
	-----	-----
SHAREHOLDERS' EQUITY		
Common stock, \$.10 par value;		
Authorized 20,000,000 shares;		
Issued and outstanding - \$8,402,245		
shares at April 29, 2000 and		
8,278,646 shares at July 31, 1999	840,226	827,866
Additional paid-in capital	51,594,965	50,798,502
Comprehensive income	(8,091)	--
Retained earnings	24,250,499	19,032,506
	-----	-----
	76,677,599	70,658,874
Less common stock in treasury -		
572,346 shares at April 29, 2000		
and 490,393 shares at July 31, 1999	4,967,123	4,308,170
	-----	-----
Total shareholders' equity	71,710,476	66,350,704
	-----	-----
TOTAL	\$ 107,209,329	\$ 84,103,957
	=====	=====

See notes to consolidated financial statements

DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended		Nine Months Ended	
	April 29, 2000	May 1, 1999	April 29, 2000	May 1, 1999
NET SALES	\$20,526,198	\$18,684,525	\$53,688,571	\$49,416,143
COSTS AND EXPENSES:				
Cost of sales	12,527,706	11,216,870	32,257,905	29,204,291
Research and development	2,052,124	1,753,406	5,301,967	4,707,649
Selling, general and administrative	2,990,150	3,064,658	8,294,113	8,435,479
Interest expense - net	128,941	78,577	274,073	101,289
	17,698,921	16,113,511	46,128,058	42,448,708
INCOME BEFORE PROVISION FOR INCOME TAXES AND MINORITY INTEREST	2,827,277	2,571,014	7,560,513	6,967,435
PROVISION FOR INCOME TAXES	886,827	797,015	2,325,922	2,159,905
NET INCOME BEFORE MINORITY INTEREST	1,940,450	1,773,999	5,234,591	4,807,530
MINORITY INTEREST	16,598	--	16,598	--
NET INCOME	\$ 1,923,852	\$ 1,773,999	\$ 5,217,993	\$ 4,807,530
NET INCOME PER COMMON SHARE AND COMMON				
BASIC	\$.25	\$.23	\$.67	\$.63
DILUTED	\$.24	\$.22	\$.64	\$.59
Weighted average number of common shares outstanding	7,824,196	7,700,294	7,807,739	7,658,666
Weighted average number of common shares outstanding and common share equivalents	8,175,899	8,163,269	8,170,552	8,163,470

See notes to consolidated financial statements

DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Nine Months Ended	
	April 29, 2000	May 1, 1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 5,217,993	\$ 4,807,530
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,779,856	1,287,436
Amortization	567,385	508,615
Imputed interest	49,471	62,986
Deferred income tax provision	410,204	192,547
Tax benefit from exercise of stock options and warrants	252,770	450,530
Amortization of stock-based compensation	39,218	16,822
Minority interest in net income of consolidated subsidiary	16,598	--
Changes in assets and liabilities (net of acquisition of subsidiary):		
Increase in trade receivables	(1,136,875)	(1,585,932)
Increase in cost and estimated earnings in excess of billings on uncompleted contracts	(3,271,566)	(2,134,867)
Increase in inventory	(1,768,587)	(5,290,759)
Increase in prepaid and other current assets	(1,018,292)	(1,014,802)
Increase in other assets	(206,031)	(22,875)
Increase in accounts payable - trade	434,113	1,612,833
(Decrease) increase in accrued liabilities	(142,937)	584,712
Increase in deferred compensation liability	215,128	260,703
Increase in income taxes payable	460,592	1,042,273
Net cash provided by operating activities	1,899,040	777,752
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash paid to acquire subsidiary	(1,099,027)	(550,018)
Expenditures for fixed assets	(2,362,128)	(2,412,838)
Investment in marketable securities	(9,789)	(114,459)
Payments to former shareholders of subsidiary acquired	(65,096)	(119,569)
Net cash used in investing activities	(3,536,040)	(3,196,884)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from bank borrowing	2,912,777	653,399
Payment for repurchase of shares	(549,471)	(1,130,251)
Proceeds from exercise of stock options and warrants	138,651	448,498
Other	(18,167)	(2,067)
Net cash provided by (used in) financing activities	2,483,790	(30,421)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	846,790	(2,449,553)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	320,742	3,401,697
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 1,167,532	\$ 952,144
	=====	=====

See notes to consolidated financial statements

DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Nine Months Ended	
	April 29, 2000	May 1, 1999
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	\$ 227,748	\$ 142,395
	=====	=====
Income taxes paid	\$ 1,191,320	\$ 473,940
	=====	=====

**SUPPLEMENTAL SCHEDULE OF INVESTING AND
FINANCING ACTIVITIES:**

Investment in subsidiary	\$ 2,543,867	
Less cash acquired	(1,214,539)	
Compensation cost of warrant issued	(218,702)	
Investment costs in accrued expenses	(11,599)	

Net cash paid to acquire subsidiary	\$ 1,099,027	
	=====	
Acquisition of selected assets		\$ 1,508,702
Payment due under acquisition term note		(958,684)

Net cash paid to acquire selected assets		\$ 550,018
		=====

See notes to consolidated financial statements

DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE 1 In the opinion of management, the accompanying unaudited

consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the results of the Company's financial position as of April 29, 2000 and the results of its operations and its cash flows for the nine months ended April 29, 2000 and May 1, 1999.

The Company's consolidated financial statements, in conformity with generally accepted accounting principles, include the assets, liabilities and the results of operations of a majority owned subsidiary. The ownership of the other interest holders is reflected as minority interest.

The accounting policies followed by the Company are set forth in Note 1 to the Company's financial statements as of July 31, 1999.

The financial statements of the consolidated foreign subsidiary Villa Sistemi Medicali S.p.A. ("Villa") are denominated in Italian lira and are converted into U.S. dollars for reporting purposes. As a result, they are subject to the effects of currency fluctuations which may affect reported earnings and future cash flows. These foreign currency conversions are calculated in accordance with SFAS No. 52, "Foreign Currency Translation."

The consolidated financial statements should be read in conjunction with the notes to the financial statements as of July 31, 1999.

NOTE 2 The results of operations for the three and nine-month periods

ended April 29, 2000 are not necessarily indicative of the results to be expected for the full year.

NOTE 3 INVESTMENTS

	April 29, 2000	July 31, 1999
Deferred compensation investments	\$ 1,342,602	\$ 1,201,066
Less amounts recorded as cash	(81,083)	(55,057)
Net	1,261,519	1,146,009
Other investments	41,122	146,843
Total	\$ 1,302,641	\$ 1,292,852

Investments available-for-sale at April 29, 2000 and July 31, 1999 include \$1,342,602 and \$1,201,066, respectively, for certain key executives' deferred compensation. At April 29, 2000 and July 31, 1999, \$81,083 and \$55,057, respectively, were classified as cash and \$1,261,519 and \$1,146,009, respectively, were recorded as investments. The liabilities of \$1,342,602 and \$1,201,066, respectively, are recorded as deferred compensation liability. Gains and losses on the investments held to fund the deferred compensation, either recognized or unrealized, inure to the benefit or detriment of the individual key executives' deferred compensation. At April 29, 2000 and July 31, 1999, the balance of investments available-for-sale of \$41,122 and \$146,843, respectively, are equity securities held by the Company for its own account. Realized and unrealized gains and losses on these securities for the periods ended April 29, 2000 and May 1, 1999 were not material and are recorded in the financial statements.

NOTE 4 PERCENTAGE OF COMPLETION ACCOUNTING

	April 29, 2000	July 31, 1999
Costs incurred on uncompleted contracts	\$18,610,774	\$15,012,158
Estimated earnings	12,080,621	9,329,220
	-----	-----
Less billings to date	30,691,395	24,341,378
	-----	-----
Costs and estimated earnings in excess of billings on uncompleted contracts	\$ 9,674,098	\$ 6,402,532
	=====	=====

The backlog of unshipped contracts being accounted for under the percentage of completion method of accounting was approximately \$4.9 million at April 29, 2000.

NOTE 5 INVENTORY

Inventory is stated at the lower of cost (first-in, first-out) or market.

Inventories and their effect on cost of sales are determined by physical count for annual reporting purposes and are estimated by management for interim reporting purposes.

Inventory consists of the following:

	April 29, 2000	July 31, 1999
Finished goods	\$ 8,234,385	\$ 5,414,095
Work-in-process	20,472,875	14,814,766
Raw material and purchased parts	14,040,279	16,370,726
	-----	-----
Total	\$42,747,539	\$36,599,587
	=====	=====

NOTE 6 FIXED ASSETS

Fixed assets consist of the following:

	April 29, 2000	July 31, 1999
Land	\$ 694,046	\$ 694,046
Building	2,200,742	2,161,025
Machinery and equipment	18,724,920	16,446,086
Furniture and fixtures	1,632,665	1,435,929
Leasehold improvements	2,453,593	2,180,873
Transportation equipment	38,495	30,103
	-----	-----
	25,744,461	22,948,062
Less accumulated depreciation and amortization	10,059,858	8,280,002
	-----	-----
Net fixed assets	\$15,684,603	\$14,668,060
	=====	=====

NOTE 7 ACQUISITION OF SUBSIDIARY

On December 28, 1999, the Company obtained a 19% interest in Villa located in Milan, Italy. On April 3, 2000, the Company acquired an additional 61% interest to bring its total ownership to 80%. The consideration paid by the Company for the acquisition of Villa shares consisted

of: \$1,100 in cash and a six-year warrant to purchase 50,000 shares of Del Global Technologies Corp. common stock at the fair market price on the date of issuance, valued at approximately \$219,000 (using the Black-Scholes method as prescribed by SFAS No. 123, "Accounting for Stock-Based Compensation"). To date, the associated transaction costs of this acquisition were approximately \$432,000. The source of funds for the acquisition of Villa was from the Company's working capital and credit facility.

Further, the Company contributed \$1,892,000 to the charter capital of Villa. Villa management also collectively contributed \$108,000 to the charter capital of Villa.

This acquisition is being accounted for as a purchase and accordingly, the original purchase price was allocated to assets and liabilities acquired based on a preliminary estimate of their fair value at the date of acquisition and is subject to modification as more information becomes available.

NOTE 8 SEGMENTS

The Company adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", during the fourth quarter of the year ended July 31, 1999. SFAS No. 131 establishes standards for reporting information about operating segments in annual financial statements and requires selected information about operating segments in interim financial statements. It also establishes standards for related disclosures about products and services, major customers and geographic areas. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief decision maker, or decision making group, in deciding how to allocate resources and in assessing performance. The Company's chief operating decision making group is comprised of the Chief Executive Officer and the senior executives of the Company's operating segments.

The Company has two reportable segments which are Medical Imaging Systems and Critical Electronic Subsystems. The Medical Imaging Systems Segment designs, manufactures and markets state-of-the-art, cost-effective medical imaging and diagnostic systems consisting of stationary and portable imaging systems, radiographic/fluoroscopic systems, mammography systems, a neo-natal imaging system and dental imaging systems. The Critical Electronic Subsystems Segment designs, manufactures and markets proprietary precision power conversion and electronic noise suppression subsystems for medical as well as critical industrial applications.

Selected financial data of these segments is as follows:

	Medical Imaging Systems	Critical Electronic Subsystems	Total
	-----	-----	-----
For the Nine Months Ended April 29, 2000:			
Net sales to external customers	\$30,444,207	\$23,244,364	\$ 53,688,571
	=====	=====	=====
Income before provision for income taxes	\$ 3,048,928	\$ 4,511,585	\$ 7,560,513
	=====	=====	=====
Segment assets	\$54,123,525	\$53,085,804	\$107,209,329
	=====	=====	=====
	Medical Imaging Systems	Critical Electronic Subsystems	Total
	-----	-----	-----
For the Nine Months Ended May 1, 1999:			
Net sales to external customers	\$27,071,278	\$22,344,865	\$49,416,143
	=====	=====	=====
Income before provision for income taxes	\$ 2,947,878	\$ 4,019,557	\$ 6,967,435
	=====	=====	=====
Segment assets	\$37,490,805	\$44,746,864	\$82,237,669
	=====	=====	=====

NOTE 9 COMPREHENSIVE INCOME

The Company's total comprehensive income was as follows:

	Three Months Ended April 29, 2000 -----	Nine Months Ended April 29, 2000 -----
Net Income	\$ 1,923,852	\$ 5,217,993
Change in equity due to foreign currency translation adjustments	(8,091)	(8,091)
Comprehensive income	\$ 1,915,731 =====	\$ 5,209,902 =====

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

AND RESULTS OF OPERATIONS

This Management Discussion and Analysis of Financial Condition and Results of Operations contains forward looking statements. Such statements involve various risks that may cause actual results to differ materially. These risks include, but are not limited to, the ability of the Company to grow internally or by acquisition and to integrate acquired businesses, changing industry or competitive conditions, and other risks referred to in the Company's registration statements and periodic reports filed with the Securities and Exchange Commission.

OVERVIEW

The Company's net sales have increased as a result of both internal growth and acquisitions. The Company has completed six acquisitions in the past eight years: Dynarad (a designer and manufacturer of medical imaging systems and critical electronic subsystems) in fiscal 1993; Bertan (a designer and manufacturer of precision high voltage power supplies and instrumentation for medical and industrial applications) in fiscal 1994; Gendex-Del (a manufacturer of medical imaging systems) in fiscal 1996; X-Ray Technologies, Inc. (a manufacturer of medical imaging systems) in fiscal 1998, Acoma Medical Imaging Inc. (a designer and manufacturer of medical imaging systems) in fiscal 1999 and Villa Sistemi Medicali S.p.A. (a designer and manufacturer of medical and dental imaging systems) in fiscal 2000.

During the past five years the Company has grown internally and through acquisitions into a company whose predominant business is serving the medical imaging and diagnostic markets. The Company's net sales attributable to medical imaging products have increased from approximately \$14.4 million or 44% of total net sales in fiscal 1995 to approximately \$49.2 million or 72% of total net sales in fiscal 1999.

Management believes that recent cost containment trends in the healthcare industry have created opportunities for its cost-effective medical imaging products in domestic and international markets. Some of these trends are increased demand for lower cost medical equipment, the outsourcing of systems and critical electronic subsystems by leading original equipment manufacturers ("OEMs"), increased demand for certain diagnostic procedures and lower cost medical services in the global marketplace.

RESULTS OF OPERATIONS

Net sales for the three months ended April 29, 2000 were approximately \$20.5 million as compared to approximately \$18.7 million for the three months ended May 1, 1999, an increase of 10%. Net sales for the nine months ended April 29, 2000 were approximately \$53.7 million as compared to approximately \$49.4 million for the nine months ended May 1, 1999, an increase of 9%. These increases are primarily due to internal growth from existing operations.

Cost of sales, as a percentage of net sales for the three months ended April 29, 2000, was 61% as compared to 60% for the prior corresponding period. Cost of sales, as a percentage of net sales for the nine months ended April 29, 2000, was 60% as compared to 59% for the prior corresponding period. These increases are due to a change in product mix in both periods.

Research and development expenses were approximately \$2.1 and \$1.8 million for the three-month periods ended April 29, 2000 and May 1, 1999, respectively, an increase of 17%. Research and development expenses increased to approximately \$5.3 million for the nine months ended April 29, 2000 from approximately \$4.7 million for the nine months ended May 1, 1999, an increase of 13%. This increase was primarily due to new product development. The Company continues to invest in research and development in order to introduce new state-of-the-art products for its medical and industrial markets.

Selling, general and administrative expenses were approximately \$3.0 million and \$3.1 million for three-month periods ended April 29, 2000 and May 1, 1999, respectively, or 14.6% and 16.4% of net sales, due to increased sales volume. Selling, general and administrative expenses were approximately \$8.3 million,

or 15.5% of net sales, for the nine months ended April 29, 2000 as compared to approximately \$8.4 million, or 17.1% of net sales, due to increased sales volume, for the same period in the prior year.

Net interest expense was approximately \$129,000 for the three months ended April 29, 2000 as compared to approximately \$79,000 for the corresponding period in the prior year. Net interest expense was approximately \$274,000 for the nine months ended April 29, 2000 as compared to approximately \$101,000 for the corresponding period in the prior year. These increases are due to higher interest rates and higher levels of debt for both periods.

Income tax expense was 30.4% of pretax income for the three and nine months ended April 29, 2000 and 31% for the three and nine months ended May 1, 1999. The decrease from statutory rates is primarily due to sales being made through the Company's Foreign Sales Corporation, research and development and other tax credits.

Net income increased to approximately \$1.9 million for the three months ended April 29, 2000, an increase of 8.5% from approximately \$1.8 million for the prior corresponding period. Basic earnings per share at April 29, 2000 increased to \$.25 from \$.23 at May 1, 1999, an increase of 9%. Diluted earnings per share increased to \$.24 at April 29, 2000 from \$.22 at May 1, 1999, an increase of 9%. The weighted number of common shares outstanding increased to 7,824,196 at April 29, 2000 from 7,700,294 at May 1, 1999 and the number of common shares and common share equivalents outstanding increased to 8,175,899 at April 29, 2000 from 8,163,269 at May 1, 1999. Net income increased to approximately \$5.2 million for the nine months ended April 29, 2000, an increase of 9% from approximately \$4.8 million for the prior corresponding period. Basic earnings per share at April 29, 2000 increased to \$.67 from \$.63 at May 1, 1999, an increase of 6%. Diluted earnings per share increased to \$.64 at April 29, 2000 from \$.59 at May 1, 1999, an increase of 9%. The weighted number of common shares outstanding increased to 7,807,739 at April 29, 2000 from 7,658,666 at May 1, 1999 and the number of common shares and common share equivalents outstanding increased to 8,170,552 at April 29, 2000 from 8,163,470 at May 1, 1999. These increases in net income for both the three and the nine-month periods ended April 29, 2000 were due to higher sales.

The backlog of unshipped orders at April 29, 2000 was approximately \$47 million.

LIQUIDITY AND CAPITAL RESOURCES

The Company has funded its operations and acquisitions through a combination of cash flow from operations, bank borrowings and the issuance of the Company's common stock.

Working Capital. At April 29, 2000 and July 31, 1999, the Company's working capital was approximately \$56.1 million and \$47.8 million, respectively. At such dates the Company had approximately \$1.2 million and \$321,000, respectively, in cash and cash equivalents.

Cost and estimated earnings in excess of billings on uncompleted contracts increased to approximately \$9.7 million at April 29, 2000 from approximately \$6.4 million at July 31, 1999, due to additional long-term contracts accounted for under the percentage of completion method of accounting in the nine-month period.

Trade receivables increased approximately \$8.1 million at April 29, 2000 as compared to July 31, 1999 primarily due to the acquisition of Villa and higher sales in the period.

Inventory at April 29, 2000 increased approximately \$6.1 million as compared to July 31, 1999 primarily because of the acquisition of Villa and higher sales levels of major medical OEM contracts.

Prepaid expenses and other current assets at April 29, 2000 increased approximately \$1.4 million as compared to July 31, 1999 primarily because of the acquisition of Villa and increased prepaid trade show expense.

Goodwill increased approximately \$2.3 million at April 29, 2000 as compared to July 31, 1999 because of the acquisition of Villa.

On December 28, 1999, the Company obtained a 19% interest in Villa Sistemi Medicali S.p.A. ("Villa") located in Milan, Italy. On April 3, 2000, the Company acquired an additional 61% interest to bring its total ownership to 80%. The consideration paid by the Company for the acquisition of Villa shares consisted of: \$1,100 in cash and a six-year warrant to purchase 50,000 shares of Del Global Technologies Corp. common stock at the fair market price on the date of issuance valued at approximately \$219,000 (using the Black-Scholes method as prescribed by SFAS No. 123, "Accounting for Stock-Based Compensation"). To date, the associated transaction costs of this acquisition were approximately \$432,000. The source of funds for the acquisition of Villa was from the Company's working capital and credit facility.

Accounts payable increased approximately \$4.9 million at April 29, 2000 from July 31, 1999 due to the acquisition of Villa.

Credit Facility and Borrowing. At April 29, 2000 the Company had a \$14.0 million revolving credit line and a \$10.0 million acquisition credit line with its bank. The available portion of the revolving credit line was approximately \$8.4 million, after deducting outstanding letters of credit of approximately \$1.6 million and \$7.5 million was available under its acquisition credit line. Additionally, Villa has a revolving line of credit of approximately \$9.2 million with a consortium of banks which is used primarily for accounts receivable financing. At April 29, 2000, approximately \$3.8 million was being utilized.

Long-term debt increased approximately \$4.3 million as compared to July 31, 1999, primarily due to the acquisition of Villa, additional investments in capital equipment and additional working capital requirements. In addition, Villa has a term loan of approximately \$412,000 with its bank and an Italian government research and development loan of approximately \$1.6 million.

The Company anticipates that cash generated from operations and amounts available under its bank lending facilities will be sufficient to satisfy its currently projected operating cash needs.

Capital Expenditures. The Company continues to invest in capital equipment, principally for its manufacturing operations, in order to improve its manufacturing capability and capacity. The Company has expended approximately \$2.4 million for capital equipment for the nine-month period ended April 29, 2000.

Shareholders' Equity. Shareholders' equity increased to approximately \$71.7 million at April 29, 2000 from approximately \$66.4 million at July 31, 1999, primarily due to the results of operations. Additionally, during the current nine-month period 117,738 stock options were exercised, with proceeds of \$248,133 and 81,953 shares of common stock were repurchased at a cost of approximately \$659,000.

EFFECTS OF NEW ACCOUNTING PRONOUNCEMENTS

Disclosures about Derivative Instruments and Hedging Activities. In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative instruments and hedging activities. SFAS No. 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 2000. Due to the acquisition of the consolidated foreign subsidiary of Villa, management is currently evaluating the possible effects of this statement on the future results of the Company's financial position, future results of its operations and future cash flows. Since the Company does not engage in derivative instrument activity, this pronouncement has no current affect on its financial statements.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

None.

PART II

Item 1. Legal Proceedings

None

Item 2. Changes in Securities

None

Item 3. Defaults on Senior Securities

None

Item 4. Submission to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits: Exhibit 11 - Computation of Earnings per Common Share Exhibit 27 - Financial Data Schedule

(b) Report on Form 8-K - Filed May 5, 2000

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DEL GLOBAL TECHNOLOGIES CORP.

/S/LEONARD A. TRUGMAN

*Leonard A. Trugman
Chairman of the Board,
Chief Executive Officer
and President*

/S/MICHAEL H. TABER

*Michael H. Taber
Chief Financial Officer,
Vice President of Finance
and Secretary*

Dated: June 16, 2000

EXHIBIT 11

DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES

COMPUTATION OF EARNINGS PER COMMON SHARE

NINE MONTHS ENDED APRIL 29, 2000

	Net Income	Shares	Per Share Amount
	-----	-----	-----
Basic Earnings Per Share:			
Income available to common shareholders	\$5,217,993	7,807,739	\$.67
	-----	-----	=====
Effect of Dilutive Securities:			
Warrants	--	12,141	
Options	--	350,672	
	-----	-----	
Diluted Earnings Per Share	\$5,217,993	8,170,552	\$.64
	=====	=====	=====

ARTICLE 5

CIK: 0000027748

NAME: DEL GLOBAL TECHNOLOGIES CORP.

PERIOD TYPE	9 MOS
FISCAL YEAR END	JUL 29 2000
PERIOD START	AUG 01 1999
PERIOD END	APR 29 2000
CASH	1,167,532
SECURITIES	1,302,641
RECEIVABLES	26,450,676
ALLOWANCES	2,728,238
INVENTORY	42,747,539
CURRENT ASSETS	81,189,059
PP&E	25,744,461
DEPRECIATION	10,059,858
TOTAL ASSETS	107,209,329
CURRENT LIABILITIES	25,095,662
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	840,226
OTHER SE	70,870,250
TOTAL LIABILITY AND EQUITY	107,209,329
SALES	53,688,571
TOTAL REVENUES	53,688,571
CGS	32,257,905
TOTAL COSTS	32,257,905
OTHER EXPENSES	13,596,080
LOSS PROVISION	0
INTEREST EXPENSE	274,073
INCOME PRETAX	7,560,513
INCOME TAX	2,325,922
INCOME CONTINUING	5,217,993
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	5,217,993
EPS BASIC	.67
EPS DILUTED	.64

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